



February 27, 2015

Dear Valued Customer,

On July 29, 2014, the City Council adopted a new water rate fee structure effective September 1, 2014. In anticipation of an extended drought in California, the new rate-structure also included an additional fee, or Drought Charge. The Drought Charge is specifically related to drought conditions and would go into effect upon the approval by the City Council of any of the four phases of our mandatory water conservation ordinance.

The purpose of the Drought Charge is two-fold: 1) to keep the utility financially secure should California enter into a prolonged drought period and revenues from consumption declined in response to mandatory conservation, and 2) to encourage water conservation among all customers. The Drought Charge was designed such that customers who meet the curtailment target will likely not experience an increase in their total bill. The table below shows the various Drought Charges by Mandatory Water Conservation Phase and Drought Charge Stage.

Mandatory Conservation Phase	Phase I	Phase II	Phase III	Phase IV	Phase V
Corresponding Drought Rate Stage	Base Assumptions	Stage 1	Stage 2	Stage 3	Stage 4
Drought Charge Per HCF Sold	\$0.00	\$0.75	\$1.30	\$2.02	\$3.03
Curtailment Target	0%	20%	30%	40%	50%

The Drought Charges are to be imposed immediately upon the declaration of Mandatory Water Conservation Phase II, III, IV or V by the City Council, and remain in effect until such time that the Mandatory Conservation Phase is lifted. During that same meeting the City Council implemented Phase II of the Water Conservation Ordinance. This was in response to the State Water Resources Control Board adoption of emergency water conservation regulations.

In an effort to buffer the effect of the water rate increase on Glendale residents, the City Council deemed it appropriate to delay the imposition of any applicable Drought Charge for a period of six months from the effective date of the new water rate fee structure. It is widely believed that the drought will continue through at least November 2015. The six month moratorium on the Drought Charge ends March 1, 2015, and Stage 1 of the Drought Charge takes effect.

We thank you for your water conservation efforts and encourage you to continue to conserve. Enclosed is a brochure with tips and information that will assist you in conserving this precious resource. For more information on water rates and water conservation visit [www.GlendaleWaterAndPower.com](http://www.GlendaleWaterAndPower.com). Thank you for your understanding.

Sincerely,

Stephen M. Zurn, General Manager

Glendale Water & Power